



Australian Government

Department of Defence

BUDGET 2007-08



WORKING TO A PLAN

TO DEFEND OUR PEOPLE, INTERESTS AND VALUES

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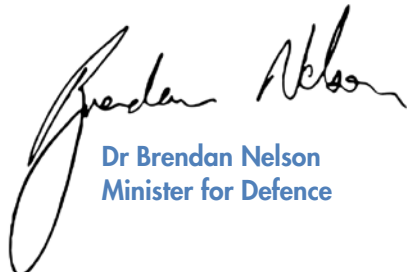
DEFENDING OUR PEOPLE, INTERESTS AND VALUES



The defence of Australia and its vital national security interests is the first responsibility of the Australian Government. Australia faces significant challenges in defending our people, interests and values:

- Australia needs the **firepower** and **mobility** to be able to **protect against and deter threats** to our land, offshore assets and territorial approaches, which cover a vast area.
- We need to help bring **stability to our neighbourhood**, not only to prevent violence and potential humanitarian disasters but also to prevent failed states from becoming havens for transnational crime or terrorists.
- With the growth of non-State actors and widespread proliferation of advanced military hardware in a strategically dynamic region, we need a **sharp edge in technological sophistication**.
- All free countries face a serious threat from terrorism, inspired by Muslim extremist causes. We need to **work with our allies to face threats to our security** and way of life.
- We face a future shaped largely not by what we know, but that which we don't. For a future of uncertainty, **we must be prepared**.

This Defence Budget brief gives an overview of the Government's plan to: strengthen our Navy, Army and Air Force and their ability to operate seamlessly together; attract and retain the right people with the right skills; ensure a strong local Defence industry; and confront serious threats now, to ensure they do not become an even bigger problem for the next generation.


Dr Brendan Nelson
Minister for Defence

A STRONG ECONOMY MEANS STRONGER DEFENCE

The 2007-08 Budget builds on a long term commitment to strengthen Australia's defence capability.

In the 1996-97 Budget, the Government decided that Defence would be the one area quarantined from an otherwise significant program of savings measures, with rigorous efficiency savings ploughed back into defence capability.

At the same time, resources were shifted **from the back room to the front line**. In eleven years, the "tooth to tail" ratio – the percentage of Australian Defence Force (ADF) personnel in combat and combat-related positions – has increased from 45.2% (June 1996) to 66.6%.

In 2000, the Government released the Defence White Paper, outlining a **long term strategic plan** for Defence, backed up by an additional \$29.4 billion over 10 years. Last year, a decision was taken to extend a 3% real increase in funding each year, out to 2016.

The current Defence Capability Plan outlines **\$51 billion of new acquisitions over 10 years**.

This year, the commitment to Defence will total \$22 billion – an **increase of 47% in real terms since 1995-96**.

This includes new funding of \$14 billion over the next 10 years, for 24 Super-Hornet multi-role aircraft, further initiatives to enhance recruitment and retention, improvements to Defence housing, additional logistics funding to ensure the Defence Force is able to respond to contingencies, further strengthening of Australia's defence intelligence and security capabilities, improvements to security at Defence bases, additional funding for Defence operations, and C-17 operating costs.

It also includes the ongoing funding needed to build a stronger Navy, Army and Air Force, to ensure a strong local defence industry and to confront security threats, as part of our **long term plan to defend our people, interests and values**.



A STRONGER, MORE VERSATILE NAVY

"Our vast coastline presents us with a difficult task in deterring and responding to threats to our offshore assets and from illegal immigration, smuggling and fishing. Our Navy needs both the technology and muscle to protect our borders.

Our Navy needs the heavy capacity to transport troops, helicopters, vehicles and supplies, for disaster relief, humanitarian aid, peace keeping and combat missions – within our region, or throughout the world.

Our new Air Warfare Destroyers will also ensure we can control areas of the ocean within our region. Their superior air warfare capability will protect our fleet and troops from air and missile attack and potentially, contribute to a missile defence capability for Australia." – Dr Brendan Nelson

AIR WARFARE DESTROYERS

DESIGN SELECTION IN 2007

Once they are in service, the Air Warfare Destroyers will provide our Navy with a significant new capability, able to:

- Maintain superiority within our region, with enhanced protection for our fleet and an ability to track and destroy air targets at ranges in excess of 150kms.
- Protect troops close to shore from hostile air and missile attack and provide gunfire support.
- Potentially contribute to a missile defence capability for Australia.

Our Air Warfare Destroyers will be built in South Australia.



Artist's impression

AMPHIBIOUS SHIPS

DESIGN SELECTION IN 2007

- Two new Amphibious Ships will provide the backbone of the ADF's amphibious transport needs – to support disaster relief and humanitarian aid, peacekeeping and military operations anywhere in the world.
- Each will be capable of transporting around 1,000 embarked soldiers, their equipment and supplies. They will also operate around 12 Troop Lift or Armed Reconnaissance Helicopters.
- A large flight deck will allow helicopters to land, while a dock at the waterline will allow the loading and launching of landing craft at the same time so troops, supplies and equipment can be ferried rapidly.



Artist's impression

COLLINS CLASS SUBMARINES

- Following a \$1 billion investment program to overcome long standing problems with the Collins Class, they are now considered the most capable conventional submarines in the world today. A Replacement Combat System and new Heavyweight Torpedo has recently been installed in HMAS Waller, with the rest to follow.

Further information is available at www.navy.gov.au



ARMIDALE CLASS PATROL BOATS

11 DELIVERED / 3 MORE TO BE DELIVERED IN 2007

- 14 new Armadale class patrol boats will provide enhanced capability to patrol our waters, while deterring and responding to illegal immigration, smuggling and fishing and threats to our offshore assets.
- The patrol boats have an overall range of 3,000 nautical miles (25% increase over the current Fremantle class vessels) and are capable of being deployed for up to 42 days, with increased comfort for their 21 member crew.
- These ships have state-of-the-art radar, surveillance, detection and communications systems, two large seaboats for patrol, surveillance and boarding operations (double present capacity) and are fitted with the Rafael 25mm Typhoon stabilised gun.



FRIGATES

- The fighting capabilities of our Anzac and Adelaide Class Frigates are being upgraded, with investments in new radars, missiles, communications equipment and combat systems, to keep these ships at the cutting edge of technology.



A LARGER, HARDENED AND NETWORKED ARMY

"Recent deployments to the Solomon Islands and East Timor, in which we were able to get more than 100 troops on the ground within a day of receiving a request for help, highlight the importance of our ability to rapidly deploy highly skilled and well equipped forces on the ground."

Our decision to boost the Army is based on a realistic assessment that the threats we can identify will remain for the foreseeable future and that in the face of uncertainty, we must be prepared.

A larger, more robust and networked Army will provide greater strength, mobility and flexibility with which to: defend against and deter any threat to our borders; support counter-terrorism and create stability in our region; contribute to coalitions to combat global threats; and respond to emergencies such as natural disasters." – Dr Brendan Nelson

A BIGGER, STRONGER ARMY

- Last year, the Government announced a major increase in the size of the Australian Army. This new initiative is called the Enhanced Land Force.
- The Enhanced Land Force builds on the capability enhancements already approved under the Hardened and Networked Army initiative and will see the Army **increase from six to eight infantry battalions**, as well as increasing the size of the Regular Army to around 30,000 personnel.
- Together with the Navy, Air Force and Defence support elements, this will enable the ADF to generate up to eleven combined arms battle groups.
- The Hardened and Networked Army initiative is delivering **greater protection, mobility, firepower and communications** to the Army to make it more flexible, adaptable and agile in increasingly complex and lethal environments. The initiative focuses on Army organisational structure, training and equipment with acquisitions such as the Abrams tanks and the Bushmaster Infantry Mobility Vehicle.

M1A1 ABRAMS TANKS

- Australia's 59 Abrams Tanks were delivered early this year, with the first Abrams Tank Squadron to be operationally ready by July.
- The Abrams tanks are the best tanks in the world and will significantly increase the mobility, firepower and integration of the Australian Army's weaponry. They will help protect the lives of Australian soldiers.



BUSHMASTER INFANTRY MOBILITY VEHICLE

- In December 2006 the Government approved an additional 143 Bushmaster vehicles, increasing the fleet to over 400 vehicles for greater mobility and protection on operations.
- The Bushmaster vehicle is currently in service with the Army and has performed superbly in operational commitments in our region and in the Middle East Area of Operations.



NEW HELICOPTERS

- As well as the additional warfighting capability provided by the 22 Armed Reconnaissance Fighter Helicopters, Army will receive 40 (and Navy will receive six) new generation multi-role helicopters – the MRH-90.
- The MRH-90 is equipped with state-of-the-art technology, a large cabin capacity, a full fly-by-wire flight control system and digital cockpit.



NEW VEHICLE FLEET

- The Army's fleet of around 7,000 field vehicles and around 4,000 trailers will be replaced over the next decade, along with new systems to increase protection. These will be used to transport personnel, combat supplies and if necessary, evacuate casualties.
- These vehicles will also serve as platforms for command, control, communications, computers and intelligence capabilities.
- Shortlisted tenderers will be announced later in 2007.

Further information is available at www.army.gov.au

THE NEXT GENERATION AIR FORCE

"To deter and defeat future threats, Australia needs an Air Force that is at the forefront of new technology and which can:

- *Provide state-of-the-art surveillance.*
- *Win in air-to-air combat.*
- *Hit threats before they hit us.*
- *Provide support to ground troops.*
- *Operate in synergy with other defence capabilities and with our allies.*
- *Operate in a full range of lower threat environments.*
- *Dynamically swing between capabilities.*
- *Provide airlift capability to support operations and humanitarian relief.*
- *Ensure free and efficient movement of our Navy and Army."*

– Dr Brendan Nelson

WEDGETAIL 'EYES IN THE SKY'

DUE DATE: 2009

- The Airborne Early Warning and Control aircraft, known as Wedgetail, will be Australia's eyes in the sky, capable of covering an area the size of Western Australia and the Northern Territory during a single ten-hour mission.
- The Wedgetail's long-range radar will provide its crew with excellent situational awareness to support the operations of our fighter and strike aircraft.



SUPER HORNET

DUE DATE: 2010

- The recent decision to acquire Super Hornets will be backed by new funding (of \$6.6 billion over 13 years) in the 2007-08 Budget, including all personnel and operating costs, weapons and spare parts.
- The Super Hornet (also known as the F/A-18F Block II Super Hornet) is a highly capable, battle-proven, multi-role aircraft, with advanced firepower, advanced sensors and radar cross-section improvements that enable it to **hit targets before it can be seen.**
- That the Super Hornets are currently in service, and will remain in service with the US Navy through to 2030, makes them a relatively low risk option. Their acquisition will ensure Australia has no air combat capability gap between the retirement of our F-111s and the acquisition of the Joint Strike Fighter and that we **maintain control of regional air space.**



JOINT STRIKE FIGHTER

FIRST DELIVERIES: 2013

In 2008 Australia is due to make a decision to acquire up to 100 Joint Strike Fighter aircraft (also known as the F-35 Lightning II). Designed to do as its name suggests – combine *strike* capability (attacking targets on the ground or at sea) with *fighter* (air-to-air combat) capability – the Joint Strike Fighter will mean a **quantum leap in air combat capability for Australia.**

As a "fifth generation" combat aircraft, it is designed from the ground up to have very high levels of stealth (making it extremely difficult to detect from the air and from the ground), advanced networking and sensors – all tightly integrated to provide a huge combat edge over earlier generation aircraft.



Further information is available at www.raaf.gov
Air combat capability is also the focus of the March 2007 issue of Defence Direct (see back page).

C-17 HEAVY LIFT AIRCRAFT

CURRENTLY IN DELIVERY

- The first of four new Boeing C-17 Globemaster III aircraft was delivered in December 2006, the second is expected in May 2007, with the remaining two in 2008. Training of crews and support personnel has commenced and the aircraft has already been used to support ADF activities.
- With the cargo capacity of more than three C-130J Hercules, each C-17 has the capacity to transport an M1A1 Abrams Tank, five Bushmaster Infantry Vehicles, or three Tiger helicopters.
- The ability to lift heavy equipment or large amounts of supplies is a major boost for the ADF's ability to support national and international operations and major disaster relief efforts.



MULTIROLE TANKER TRANSPORT

DUE DATE: 2009

- The Air Force will take delivery of the first of five multi-role tanker transport aircraft from 2009.
- The KC-30B is a militarised version of the A330 Airbus and will be capable of refuelling the F/A-18, F-111, Super Hornet, Airborne Early Warning and Control, C-17 and the Joint Strike Fighter.
- Without reducing its refuelling capability, the KC-30B will also be able to carry around 270 passengers and a full range of cargo containers, including military pallets.





RECRUITING AND RETAINING GREAT PEOPLE

The Government's plan for a stronger Defence Force requires us to **increase our full time personnel from around 51,000, to around 57,000** within the next decade. With a strong economy and low unemployment providing competition for job-seekers, this will be a challenge.

Since 2001, the Government has committed an additional \$3.8 billion to recruitment and retention initiatives. Last year, a \$1 billion package of measures was announced, including streamlining the enlistment process (from an average of 31 weeks to just 6 weeks for general recruits), introducing a "gap year" scheme to give up to 1,000 school leavers each year a chance to experience life in the Defence Force, plus a range of bonuses and allowances for people in key positions and with key skills.

A further eight initiatives will now be implemented as part of the Government's strategy to address the critical challenges we face in the retention and recruitment of our people.

BETTER PAY

We are committing a further \$585 million in addition to \$261 million from existing funds to reform the pay structure for other ranks to introduce a much simpler, more balanced and flexible framework. This includes a pay increase for nearly 18,000 personnel in the first stage.

NEW DEFENCE HOME LOANS ASSISTANCE

A new home loans assistance scheme (\$864 million over 10 years) will be introduced, pitched at a level that reflects current house prices. The scheme will respond to changes in the housing market, and offer flexible choice of mortgage providers.

SUBMARINE DEPLOYMENT ALLOWANCE

Submariners will now have access to deployment allowances during operational deployments. We will also give Navy personnel extra support so that our Navy personnel will have better respite and work-life balance.

DEFENCE TRADES

Two new initiatives (\$71 million over 10 years) will increase the number of technical training entrants each year:

- The introduction of a Candidate Referral Program to identify high school students (17 yrs +) for direct entry into ADF trade training.
- A Defence Apprenticeship Sponsorship Program to provide opportunities for school leavers (under 17 year old) to undertake sponsored trade training prior to joining the ADF.

DEVELOPING DOCTORS

Additional funding will be provided for uniformed medical officers for their professional development and ongoing training.

A BOOST FOR CADETS

Further funding of \$100 million over 10 years will be provided to deliver both an increase in the number of cadets and an improvement in the overall program.

PROFESSIONAL FINANCIAL AND CAREER ADVICE

A new transition service (\$125 million over 10 years) will provide independent and professional career and financial advice to people considering alternative careers. Better knowledge of career options will help those who think they need to leave the ADF early to make a successful career change, aware of other alternatives in the ADF.

RECRUITING THE RIGHT PEOPLE

Additional funding will enable Defence to conduct more vigorous and relative marketing campaigns that will achieve greater reach and penetration into the community and expand the ADF's recruiting base.

Further Service branding initiatives will also be undertaken to increase community awareness of the Navy, Army and Air Force, and improve their reputations as employers of choice in Australia's highly competitive job market.

Further information about joining the Navy, Army or Air Force is available at www.defencejobs.gov.au, or by calling 13 19 01.



A SUSTAINABLE AND CAPABLE AUSTRALIAN DEFENCE INDUSTRY

Australia's defence industry is a cornerstone of our national security. In the coming year, we anticipate approvals for projects that will create opportunities in the aerospace, maritime, electronic systems and weapons and munitions sectors, to the value of around \$11.6 billion.

Central to achieving the goal of military self-reliance is a sustainable and capable domestic industry that can maintain, repair and modify the equipment we purchase from overseas, and design, manufacture and adapt equipment to meet the requirements of the ADF.

The Government has articulated its policy commitment to the local defence sector through the March release of the Defence and Industry Policy Statement 2007. This policy sets out nine key strategies:

- A strategic approach to equipping and sustaining the ADF.
- Maintaining priority local industry capabilities.
- Securing value for money through best-practice procurement.
- Creating opportunities for Australian firms.
- Encouraging Small to Medium Enterprises.
- Supporting the development of skills in defence industry.
- Facilitating defence exports.
- Driving innovation in defence technology.
- Defence and industry working together.

Collectively, these strategies outline how Australia's priority industry capabilities will be determined and maintained. These initiatives will ensure we have an industry base that has the capability and capacity to support the ADF into the future.

Further information is available at www.defenceindustryreview.com.au



PROTECTING OUR BORDERS

OPERATION RESOLUTE

In July last year, the ADF combined border protection operations into a single operation – Operation Resolute – which provides greater flexibility and efficiency in the deployment of resources in ensuring Australia's maritime security.

Significant ADF resources adds significant "muscle" to the Government's coordinated effort to **protect our offshore assets and deter and respond to illegal immigration, smuggling, fishing and other threats.**

Our assets in Operation Resolute now include a standing maritime force comprising one major fleet unit, five (increasing to seven) patrol boats, one minehunter coastal, one landing craft heavy, elements from regional force surveillance units (of NORFORCE), and one AP-3C Orion aircraft.

Operation Resolute is coordinated through Border Protection Command – an interagency organisation bringing together Defence, Customs, Fisheries and Quarantine personnel. The Command coordinates and controls both civil and military support to maritime security enforcement activities for Australia.

EFFECTIVE COUNTER TERRORIST CAPABILITIES

APEC 2007 | OPERATION DELUGE

Defence plays a key role in the National Counter-Terrorism approach led by the Attorney-General, involving security, policy, operations and communication coordination.

Defence is contributing to the whole-of-Government support to the Asia Pacific Economic Cooperation (APEC 2007) meetings held throughout 2007.





THE MIDDLE EAST

The Australian Government believes all free countries face a serious threat from terrorism inspired by Muslim extremist causes and that we need to **work with our allies** to **confront serious threats to our security and way of life now**, to ensure they do not become an even bigger problem for the next generation.

IRAQ | OPERATION CATALYST

Around 1,500 ADF personnel are presently in the Middle East Area of Operations, with a Navy frigate on station in the Gulf, as part of a coalition of nearly 30 countries. Working at the invitation of the Iraqi Government and under the authority of the UN, our troops are helping to **strengthen Iraq's emerging democracy**, while standing up to the dangerous groups of terrorists and extremists who want to destroy it.

Our contribution includes around 550 personnel with armoured vehicles in Al Muthanna and Dhi Qar provinces (the first two provinces to achieve provincial Iraqi control of security) carrying out the vital task of training and supporting the Iraqi security forces. Australia's commitment will be increased in June 2007 by 70 personnel, mainly assisting with the training of Iraqi security force logistics elements.

AFGHANISTAN | OPERATION SLIPPER

In September 2006, a Reconstruction Task Force (RTF) of around 400 ADF security and reconstruction personnel commenced a two year deployment as part of the Dutch-led Task Force in Oruzgan province. The RTF is improving provincial infrastructure such as schools, hospitals and roads, as well as community-based projects.

In anticipation of a spring offensive by the Taliban and other terrorist forces, the Government announced, in April 2007, the deployment of a 300-strong Special Operations Task Group including Special Forces personnel, along with integrated intelligence, logistics and mobility support. An additional C130J Hercules transport aircraft will also be deployed, along with two Chinook helicopters. An RAAF air surveillance radar capability will deploy to Kandahar Airfield.

Further information about each of Defence's nine operations is available, along with a facility to send messages of support to our troops, at www.defence.gov.au
Iraq is the focus of the February 2007 issue of Defence Direct (see back page).

STABILITY IN OUR REGION

The Australian Government believes we need to be prepared, when necessary, to use defence capability to help bring stability in our region, not only to prevent violence and potential humanitarian disasters, but also to prevent **failed states from becoming havens for transnational crime or terrorists**.

Last year, Australia had over 100 troops on the ground in both East Timor and the Solomon Islands within 24 hours of receiving a request for assistance. This is a testament to the professionalism of the ADF and also the importance of investing in Defence capability.

EAST TIMOR | OPERATIONS ASTUTE AND TOWER

Since deploying to East Timor in 1999, the ADF has supported successive United Nations operations and has supported the government and people of East Timor.

In May 2006, the ADF again responded to a request from the Government of East Timor to assist in restoring peace and stability. As a direct result of our military intervention, the security situation has improved and the operation has now transitioned to a UN police-led operation leading security efforts with ADF troops in support. The ADF operations are helping maintain a secure environment for democratic elections.

THE SOLOMON ISLANDS | OPERATION ANODE AND DISASTER RELIEF

Operation Anode is the ADF contribution to the Regional Assistance Mission to the Solomon Islands. The assistance mission is an Australian-led, multinational operation to stabilise the Solomon Islands, and includes support for the Participating Police Force effort to maintain law and order. Australia leads the military contingent which also includes troop contributions from New Zealand, Papua New Guinea and Tonga. Currently, the ADF has around 140 personnel deployed on the operation.



FURTHER INFORMATION

DEFENCE WEBSITE

Along with comprehensive news and information, the Defence website (www.defence.gov.au) has links to the Navy, Army and Air Force websites, Ministerial websites, a specific Defence Jobs website and a Defence Honours and Awards page.

For each operation there is: a home page (outlining the role and activities of personnel and assets); a media centre (featuring news and announcements); a section for news and features (including some interesting and inspiring stories); images and video; and a facility to send messages of support.

DEFENCE DIRECT

Defence Direct is a monthly e-newsletter in which the Minister for Defence summarises Defence issues and the Government's achievements and challenges.

Free subscriptions are available, along with archived editions of Defence Direct, via a link at the Minister's homepage (www.minister.defence.gov.au).

2007-08 BUDGET

Further information about the 2007-08 Budget is available at www.defence.gov.au (Defence) or www.budget.gov.au (all areas of Government).

NATIONAL SECURITY

Other Government websites focussing on aspects of our national security include:

www.nationalsecurity.gov.au

www.customs.gov.au

www.smarttraveller.gov.au

www.ema.gov.au (Emergency Management Australia)

www.dfat.gov.au (Department of Foreign Affairs and Trade)

www.immi.gov.au (Department of Immigration and Citizenship)

www.gold.gov.au (Government On-line Directory)